ERGOMED

PRESS RELEASE

Unaudited Preliminary Results for the year ended 31 December 2017

- Net service revenue growth of 36% driving total revenue growth of 21%
- Within services, Drug Safety & Medical Information (pharmacovigilance) revenue grew 67%
- New business won in 2017 increased 29% to £54 million with a contracted backlog at 1 January 2018 of £88 million
- Positive PeproStat Phase II results
- Corporate strategy refined to focus on services businesses

London, UK – **11 April 2018**: Ergomed plc, (LSE: ERGO) ('Ergomed' or the 'Company'), a company focused on providing specialised services to the pharmaceutical industry, today announces its unaudited Preliminary Results for the year ended 31 December 2017.

Commenting on the results, Stephen Stamp, Chief Executive Officer of Ergomed plc, said: *"It has been another very strong year for our pharmacovigilance business which continues to outperform a fast-growing market. Our offering is now integrated under the PrimeVigilance brand and our aim is to become a leading global provider of pharmacovigilance services by 2020. Our acquisition of PSR added to our strength as a CRO in orphan diseases and we see the opportunity for Ergomed to take a leadership position in a growing sector where our unique offering positions us well for growth.*

"We have an excellent platform on which to build our PrimeVigilance and specialist CRO services, both organically and through strategic acquisitions, to add geographic coverage and complementary skills and services. We have started the year in a position of strength, with a strong order book backlog and, going forwards, our focus is to maximise the potential of our profitable services businesses and execute on our refined strategy towards global leadership in these attractive markets."

Financial highlights: strong performance in service businesses

- Net service revenue[1] up 36% to £39.6 million (2016: £29.2 million)
  - Net service revenue excluding acquisitions increased by18%
- Total revenue, including reimbursement revenue, up 21% to £47.6 million (2016: £39.2 million)
- EBITDA (adjusted) [2] was £2.8 million (2016 restated: £2.8 million) and EBITDA loss was £2.3 million (2016 restated: £1.1 million profit), (see note 12)
- EPS (adjusted)[3] was 4.2p (2016 restated: 6.8p) and EPS was a loss of 11.0p (2016 restated: 0.2p) (see notes 13 and 5 respectively)
- Cash and cash equivalents of £3.2 million as at 31 December 2017 (2016: £4.4 million)
- New contracts won in 2017 up 29% with a contract value of £54 million (2016: £42 million)
- Strong backlog of £88 million contracted revenue as of 1 January 2018 (1 January 2017: £70 million)

Notes:

1. To align with industry practice, Ergomed is disclosing reimbursement revenue and reimbursable expenses as part of total revenues and separately from cost of sales, respectively. Net service revenues exclude reimbursement revenues.
2. Adjustments are made to EBITDA for share-based payment charge, deferred consideration for acquisition relating to post acquisition remuneration, revaluation of deferred consideration for acquisition, acquisition costs and exceptional items.
3. Adjustments are made to EPS for amortisation of acquired fair valued intangible assets, share-based payment charge, deferred consideration for acquisition relating to post acquisition remuneration, acquisition costs and exceptional items.

Operational highlights

- Acquisition of PSR Group BV (PSR), a leading contract research organisation based in The Netherlands and focused on orphan drug development, for a total consideration of up to €5.7 million (£5.1 million) (October 2017) (note 6)
- Institutional placing raising gross proceeds of £2.9 million to partially fund the initial consideration for PSR (September 2017)
- PrimeVigilance demonstrated its successful pilot project in robotic automation at an intelligent automation seminar for the International Society of Pharmacovigilance (ISOP) (December 2017)
- Board and management appointments including: Peter George, former CEO of Clinigen Group plc and non-executive director of Ergomed to Chairman; Dr Miroslav Reljanovic, founder and former CEO to Executive Vice-Chairman; Stephen Stamp to CEO as well as CFO; and Jan Petracek, CEO of PrimeVigilance Ltd, to COO
- An agreement with Allergy Therapeutics plc for a multi-study co-development partnership to support three of Allergy Therapeutics' OralVac products (December 2017)
- First commercialisation deal for Haemostatix products with Boryung for South Korea (September 2017)
- Positive Phase II data from PeproStat, our wholly-owned product and the first to come from the Haemostatix pipeline (October 2017)

Post-year-end highlights

- Institutional placing raising gross proceeds of £3.9 million for potential acquisitions and working capital (February 2018)

Conference call for analysts:
A briefing for analysts will be held at 9.30am BST on 11 April at the offices of Numis Securities Ltd., 10 Paternoster Square, London, EC4M 7LT. There will be a simultaneous live conference call with Q&A.

Conference call details:

Participant dial-in: 08006945707
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About Ergomed

Ergomed provides specialist services to the pharmaceutical industry and develops drugs both wholly-owned and through partnerships. Ergomed's fast-growing, profitable service offering spans all phases of clinical development and post-approval pharmacovigilance and medical information. Drawing on more than 20 years of expertise in drug development, Ergomed has established a portfolio of drug development partnerships and programmes, including wholly-owned proprietary products for the treatment of surgical bleeding. For further information, visit: http://ergomedplc.com.

Forward Looking Statements

Certain statements contained within the announcement are forward looking statements and are based on current expectations, estimates and projections about the potential returns of Ergomed plc ("Ergomed") and industry and markets in which Ergomed operates, the Directors' beliefs and assumptions made by the Directors. Words such as "expects", "anticipates", "should", "intends", "plans", "believes", "seeks", "estimates", "projects", "pipeline" and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties, outcomes of negotiations and due diligence and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: the general economic climate, competition, interest rate levels, loss of key personnel, the result of legal and commercial due diligence, the availability of financing on acceptable terms and changes in the legal or regulatory environment.

These forward-looking statements speak only as of the date of this announcement. Ergomed expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in Ergomed's expectations with regard thereto, any new information or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by law or any appropriate regulatory authority.

Chairman's statement

2017 saw continued very strong performance for Ergomed in the services business and particularly in the Drug Safety and Medical Information business. The Board sees this area and specialist CRO services such as orphan drug development as significant opportunities where Ergomed can take global leadership positions and continue to grow.

The appointment of Stephen Stamp as CEO and Dr Jan Petracek as COO was a catalyst for the re-aligned Board to review Ergomed's growth opportunities and set strategic priorities which will see greater focus on the services business and a targeting of the Company's resources at those areas.

The co-development pipeline continues to represent a differentiator for the CRO business and is a source of potential upside but with increased focus on the services business, expansion of the pipeline will not be a strategic priority. Having delivered strong Phase II clinical trial results for PeproStat, the Company intends to pursue further development of the Haemostatix assets through partnerships and collaborations.

The integration of pharmacovigilance services under the PrimeVigilance brand, which commenced during 2017, was successfully completed in 2018 and the acquisition of PSR, a specialist orphan CRO, contribute to a firm foundation for the Company's strategic priorities.

I look forward to further progress this year and in the future.

Peter George
Chairman

Chief Executive Officer's review

I am pleased to report another year of strong growth in our service businesses and one which has also seen clinical success. We see significant opportunities to build on the foundations we have established in high-growth areas within the pharmaceutical services market and, specifically, to take leadership positions in pharmacovigilance and orphan drug development services. We believe this will deliver further growth and shareholder value in the future.

Services

Overall it was a strong year within the services businesses. New business won in 2017 of £54 million, up 29% on 2016, helped drive net service revenue growth of 36% to £39.6 million. Total service revenue, including reimbursement revenue, increased 21% to £47.6 million.

Drug Safety & Medical Information (DS&MI)
The DS&MI business which comprises the PrimeVigilance and PharmInvent companies performed exceptionally strongly. Net service revenue from the DS&MI segment, increased 68% to £22.3 million in 2017 from £13.3 million in 2016. Excluding the PharmInvent acquisition (completed in November 2016), organic growth of the DS&MI segment was 35%.

PharmInvent was acquired in November 2016, and immediately successfully collaborated with PrimeVigilance to provide a comprehensive pharmacovigilance service offering to existing and new clients of both companies. The integration was completed early in 2018, with both companies now operating under the PrimeVigilance brand led by Dr Jan Petracek. PrimeVigilance now employs over 440 employees with hubs in: Guildford, UK; Belgrade, Serbia; Prague, Czech Republic; Boston, USA; and Zagreb, Croatia.

PrimeVigilance, which is already a significant investor in information technology, has initiated the implementation of process automation for certain routine pharmacovigilance processes, resulting in significant improvements in efficiency and accuracy. PrimeVigilance's strategy of investing in people and technology is designed to drive further growth with the aim of becoming the global leader in pharmacovigilance by 2020. The global pharmacovigilance market is forecast to grow to more than

$8 billion by 2024 from around $3 billion in 2015, with contract outsourcing forecast to expand from around 30% of the market in 2015 to approximately 50% in 2024. (Source: Global Market Insights, December 2016)

Contract Research Services (CRS)
Net service revenue from the CRS segment increased 9% to £17.4 million in 2017 from £15.9 million in 2016. Excluding the PSR acquisition (October 2017), organic growth was 3%.

Consistent with our acquisition strategy of adding specialist skills and/or geographic coverage, PSR was acquired in October 2017 for a total consideration of up to €5.7 million (£5.1 million). PSR is a specialist contract research organisation based in The Netherlands that specialises in the development of orphan drugs for rare diseases. Orphan drug development is a growing area with up to 30 million people worldwide estimated to suffer from rare diseases. The orphan drug market is forecast to grow at a compound annual growth rate of 11% per year from 2017 to reach more than $200 billion of in market sales by 2022. The logistical, regulatory and operational complexities associated with orphan drug trials require specialised approaches. PSR, combined with Ergomed's site management organisation and study physician groups, is ideally suited for efficient management of these types of trials.

The Company's goal is to become the leading global contract research organisation for orphan drug development and, overall, to continue to outpace the market for clinical research services.

Global demand for quality outsourced drug safety services and drug development remains strong and Ergomed continues to benefit from these trends. Ergomed ended 2017 with a total backlog of contracted work with a value to be invoiced in future years of approximately £88 million (2016: £70 million).

Product development

Co-development

A new co-development deal with Allergy Therapeutics (LSE: AGY) was announced in December 2017. The multi-study co-development partnership is aimed at supporting the commercialisation of Allergy Therapeutics' OralVac platform and will cover clinical studies of three OralVac products.

The Company also announced the following updates during the year:

Ferrer: In February 2017, Ferrer announced the successful Phase II study of lorediplon in insomnia.

Aeterna Zentaris Inc. (NASDAQ: AEZS; TSX: AEZ): In May 2017, Aeterna Zentaris announced termination of their programme after Zoptrex™ showed no treatment benefit over doxorubicin control.

CEL-SCI (NYSE: CVM): The FDA lifted the clinical hold for Multikine® in August 2017 and the Phase III study in head and neck cancer is continuing as initially planned.

We believe our co-development pipeline continues to offer potential upside as programmes progress and move towards commercialisation. However, as we increase our focus on the opportunities within our service businesses to take leadership positions in high-growth markets, the Board has concluded that expanding the co-development pipeline is no longer a strategic priority for the Company. We do not anticipate announcing new co-development deals, unless material, but will continue to benefit from our experience and ability to engage in co-development selectively as a differentiator for our CRO offering.

Haemostatix

In October, the Company announced positive Phase II results of PeproStat in surgical bleeding, the first product to come from the Haemostatix portfolio. The trial met its primary endpoint and was completed approximately six months ahead of schedule. PeproStat showed a reduction in time to haemostasis to

4.2 minutes, a reduction of 1.6 minutes compared with standard of care time to haemostasis of 5.8 minutes. PeproStat also met key secondary endpoints and was highly rated by investigators. No treatment related serious adverse events or re-bleeding were observed. These results reinforce PeproStat's potential as a safe, blood-free, ready-to-use and cost-effective method of controlling bleeding during surgery.

The second product, ReadyFlow™, a flowable gel, is proceeding with preclinical development and is expected to be ready for Phase I in 2018.

A license for rights to PeproStat and ReadyFlow in South Korea was signed in October 2017.

The Company's strategy is to pursue further development of the Haemostatix assets through partnerships and collaborations. We anticipate further modest investment in R&D related to Haemostatix during 2018, in line with current market expectations.

Outlook

A contracted backlog of £88 million underpins Ergomed's ability to deliver its targets for 2018. Drug Safety and Medical Information services make up an increasing proportion of our overall revenues and owing to their greater predictability and exceptional growth we benefit from greater visibility than with clinical research services which, although capable of attractive margins are lumpy by nature and highly competitive.

More generally during the coming period we expect to continue to deliver on our strategy of focusing on the growth and profitability of our services businesses, supplemented by acquisitions that expand the services offering or geographical coverage, or both.

Stephen Stamp
Chief Executive Officer

Financial review

Key performance indicators

The Directors consider the principal financial performance indicators of the Group to be:

£m	2017	2016
Net service revenue	39.6	29.2
Gross profit	14.6	12.0
Research and development expenditure	2.7	1.2
EBITDA (adjusted) (note 12)	2.8	2.8
Cash and cash equivalents	3.2	4.4

The Directors have substituted total revenue with net service revenue as a key financial performance indicator. In line with industry practice, net service revenue excludes reimbursement revenue and also excludes licence revenue, providing a clearer picture of underlying services growth.

The Directors consider the principal non-financial performance indicators of the Group to be:

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- The delivery of high quality services that continue to meet the highest industry standards as evidenced by internal and external quality audits
- The development or acquisition of new and/or the expansion of existing service offerings

Non-financial performance indicators are routinely reviewed by the Directors at Board meetings.

Condensed consolidated statement of comprehensive income

Net service revenue for the year ended 31 December 2017 was £39.6 million (2016: £29.2 million), an increase of 36%, driven by 68% growth in Drug Safety and Medical Information, complemented by 9% growth from Clinical Research Services. Excluding the impact of acquisitions, net service revenue grew at 18%.

Total revenue, including reimbursement revenue and licensing income for the year ended 31 December 2017 was £47.6 million (2016: £39.2 million), an increase of 21%. Re-imbursement revenues are explained in note 1.

Gross profit from service revenue was £14.3 million and gross margin was 36% (2016: gross profit £12.0 million and gross margin 41%). To support future growth, the Company made substantial investments in its Clinical Research Services business, particularly in the US. Compared to a traditional clinical research organisation (CRO) service provider, Ergomed's gross margin can fluctuate because of its co-development activities, where Ergomed undertakes clinical studies at reduced fees in return for carried interests in the partnered product. In addition, the Company's Drug Safety & Medical Information business made significant investments in headcount, particularly in Serbia, to support impending new contracts.

Administration expenses were £16.0 million (2016 restated: £10.8 million), an increase of £5.2 million. Included in administrative expenses are increases in amortisation of acquired fair valued intangible assets of £0.4 million, share based payment charge of £0.1 million, deferred consideration for acquisitions relating to post acquisition remuneration of £0.2 million, revaluation of deferred consideration of £2.9 million offset by a reduction in acquisition costs and exceptional items of £0.3 million. The increase in other administrative expenses of £1.4 million was driven by an additional £0.9 million of overhead in acquisitions, £0.1 million additional recruitment costs, £0.2 million increase in investor relations and public relations activities, £0.2 million increase in depreciation and foreign exchange losses of £0.5 million (compared to foreign exchange gains of £0.3 million in 2016), offset by a £0.8 million reduction in provision for doubtful debts.

Research and development costs expensed in the year were £2.7 million (2016 restated: £1.2 million) relating to Haemostatix and included chemistry, manufacturing and controls (CMC) costs for clinical trial material, the costs of the Phase II clinical trial of PeproStat and pre-clinical formulation development costs for ReadyFlow.

Other operating income includes £0.1 million in respect of an R&D tax credit. In 2016, an R&D credit of £0.2 million was included in the tax charge.

Cash settled deferred consideration for achieving 2017 financial targets of £0.8 million (2016: £0.6 million) in respect of PharmInvent has been charged to profit and loss in the year as it is tied to the continued employment of the vendors. Equity settled deferred consideration is included within the share-based payment charge for the year.

The Company incurred acquisition costs totalling £0.3 million (2016: £0.6 million) in the year, primarily in respect of the PSR acquisition. In addition, £0.1 million in respect of severance costs in relation to the former CEO were recognised as an exceptional item.

Included in finance charges is £0.5 million (2016: £0.3 million) relating to the unwinding of the discount applied to contingent consideration for Haemostatix and £0.1 million (2016: £nil) relating to the unwinding of the discount applied to contingent consideration for PSR.

Condensed consolidated balance sheet

As at 31 December 2017 total assets less total liabilities amounted to £34.8 million (2016 re-stated: £34.4 million see note 14) including cash and cash equivalents of £3.2 million (2016: £4.4 million).

The principal movements in the Condensed Consolidated Balance Sheet during the year were:

- Acquisition of PSR in October 2017 and the associated goodwill of £2.5 million and intangible assets of £0.7 million.
- Increase in trade and other receivables by £4.8 million reflecting higher trading levels, a reduction in bad debt provision of £0.8 million and a £0.3 million increase in other current assets.
- An increase in trade and other payables of £3.6 million reflecting higher trading levels.
- An increase in deferred consideration (current and non-current) of £0.6 million in respect of PSR and £3.4 million in respect of Haemostatix, comprising £0.5 million for the unwinding of the discount applied and an additional £2.9 million revaluation increase.
- An increase in share premium, arising from the institutional placing in October 2017, net of costs.
- An increase in merger reserve, arising from the acquisition of PSR and contingent share issues in settlement of deferred consideration in relation to the acquisitions of PharmInvent and PSR.

Condensed consolidated cash flow statement

At present, the Group does not have any borrowings or long term debt apart from a few immaterial fixed asset finance leases.

Cash inflows from operating activities before changes in working capital in the year were £1.3 million (2016 restated: £2.5 million). Changes in working capital included a £3.5 million increase in trade and other receivables, a £0.3 million increase in other current assets and a £2.8 million increase in trade and other payables.

Cash outflows from investing activities were £3.9 million (2016: £5.8 million) including £2.0 million related to the acquisition of PSR and £0.5 million related to a PharmInvent earn-out payment, £0.7 million for the acquisition of tangible assets and £0.7 million for the acquisition of intangible assets.

Cash inflows from financing activities included proceeds of a placing of £1.9 million net of expenses to fund the acquisition of PSR.

The Group also paid taxation of £0.4 million in 2017 (2016: £0.9 million).

Going concern

As at 31 December 2017 the Group had £3.2 million in cash and cash equivalents and a strong backlog of signed contracts. The Directors therefore expect Ergomed's services business to be cash generative. Taking into account existing cash resources and, after due consideration of cash flow forecasts, the Directors are of the view that Ergomed will continue to have access to adequate resources to allow the Group to continue

trading on normal terms of business for no less than 12 months from the date of signing of the financial statements and have therefore prepared the financial statements on a going concern basis.

UNAUDITED PRELIMINARY RESULTS

Condensed Consolidated Income Statement

	Notes	2017 £000s	2016 Re-stated (note 14) £000s
Net service revenue		39,645	29,224
Licence revenue		370	-
Reimbursement revenue		7,609	10,009
REVENUE	2	47,624	39,233
Cost of sales		(25,394)	(17,230)
Reimbursable expenses		(7,609)	(10,009)
Gross profit		14,621	11,994
Administrative expenses		(15,954)	(10,822)
Administrative expenses comprises:			
Other administrative expenses		(9,725)	(8,323)
Amortisation of acquired fair valued intangible assets		(1,167)	(771)
Share-based payment charge		(1,033)	(877)
Deferred consideration for acquisitions expense	7	(752)	(550)
Revaluation of deferred consideration for acquisition		(2,875)	-
Write-back of deferred consideration for acquisition		-	460
Acquisition costs	8	(259)	(584)
Exceptional items	9	(143)	(177)
Research and development		(2,689)	(1,250)
Other operating income		118	127
OPERATING (LOSS)/PROFIT		(3,904)	49
Investment revenues		3	2
Finance costs	3	(546)	(274)
LOSS BEFORE TAXATION		(4,447)	(223)
Taxation	4	(57)	153
LOSS FOR THE YEAR		(4,504)	(70)
LOSS PER SHARE			
Basic	5	(11.0)p	(0.2)p
Diluted	5	(11.0)p	(0.2)p

All activities in the current and prior period relate to continuing operations.

Condensed Consolidated Statement of Comprehensive Income

	2017 £000s	2016 Re-stated (note 14) £000s
Loss for the year	(4,504)	(70)
Items that may be classified subsequently to profit or loss: Exchange differences on translation of foreign operations	619	680
Other comprehensive income for the period net of tax	619	680
Total comprehensive (loss)/income for the year	(3,885)	610

Condensed Consolidated Balance Sheet

	Notes	2017 £000s	2016 Re-stated (note 14) £000s
Non-current assets			
Goodwill		15,269	12,285
Other intangible assets		20,229	19,842
Property, plant and equipment		1,078	717
Investments		754	271
Deferred tax asset		1,613	1,448
		38,943	34,563
Current assets			
Trade and other receivables		19,250	14,958
Other current assets		502	240
Cash and cash equivalents		3,218	4,424
		22,970	19,622
Total assets		61,913	54,185
Current liabilities			
Borrowings		(12)	(3)
Trade and other payables		(10,717)	(7,077)
Deferred consideration	10	(1,957)	-
Deferred revenue		(976)	(1,393)
Current tax liability		(201)	(119)
Total current liabilities		(13,863)	(8,592)
Net current assets		9,107	11,030
Non-current liabilities			
Borrowings		(6)	(5)
Deferred consideration	10	(9,804)	(7,772)
Deferred tax liability		(3,397)	(3,418)
Total liabilities		(27,070)	(19,787)
Net assets		34,843	34,398
Equity			
Share capital		428	406
Share premium account		20,616	17,957
Merger reserve		11,008	10,264
Share-based payment reserve [1]	14	2,674	1,829
Translation reserve		762	143
Retained earnings[1]	14	(645)	3,799
Total equity		34,843	34,398

1. Restated per note 14.

Consolidated Statement of Changes in Equity

	Share capital	Share Premium account	Merger reserve	Share-based payment reserve	Translation reserve	Retained earnings	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 December 2015	288	9,361	2,981	650	(537)	4,193	16,936
Prior period adjustment (note 14)	-	-	-	442	-	(442)	-
Balance at 31 December 2015 (re-stated)	288	9,361	2,981	1,092	(537)	3,751	16,936
Loss for the year (re-stated)	-	-	-	-	-	(70)	(70)
Other comprehensive income for the year	-	-	-	-	680	-	680
Total comprehensive income for the year	-	-	-	-	680	(70)	610
Share-issue for cash during the year for cash (net of expenses)	66	8,596	-	-	-	-	8,662
Share-issues during the year for non-cash consideration	51	-	7,144	-	-	-	7,195
Contingent share-issues for non-cash consideration (re-stated)	1	-	139	(140)	-	-	-
Share-based payment charge for the year (re-stated)	-	-	-	877	-	-	877
Deferred tax credit taken directly to equity	-	-	-	-	-	118	118
Balance at 31 December 2016 (re-stated)	406	17,957	10,264	1,829	143	3,799	34,398
Loss for the year	-	-	-	-	-	(4,504)	(4,504)
Other comprehensive income for the year	-	-	-	-	619	-	619
Total comprehensive income for the year	-	-	-	-	619	(4,504)	(3,885)
Share-issue for cash during the year for cash (net of expenses)	18	2,659	-	-	-	-	2,677
Share-issues during the year for non-cash consideration	3	-	555	-	-	-	558
Contingent share-issues for non-cash consideration	1	-	189	(188)	-	-	2
Share-based payment charge for the year	-	-	-	1,033	-	-	1,033
Deferred tax credit taken directly to equity	-	-	-	-	-	60	60
Balance at 31 December 2017	428	20,616	11,008	2,674	762	(645)	34,843

Condensed Consolidated Cash Flow Statement

	2017 £000s	2016 Re-stated (note 14) £000s
Cash flows from operating activities		
Loss before taxation	(4,447)	(223)
Adjustment for:		
Amortisation and depreciation	1,626	1,027
Gain on disposal of fixed assets	(7)	(2)
Share-based payment charge	1,033	877
Acquisition of shares for non-cash consideration	(462)	(54)
Exchange adjustments	(44)	419
Acquisition costs	218	586
Revaluation of deferred consideration for acquisition	2,875	-
Write-back of deferred consideration for acquisition	-	(415)
Investment revenues	(3)	(2)
Finance costs	546	274
Operating cash flow before changes in working capital and provisions	1,335	2,487
Increase in trade and other receivables	(3,445)	(3,667)
Increase in other current assets	(262)	(195)
Increase/(decrease) in trade and other payables	2,753	(58)
Cash generated from/(utilised by) operations	381	(1,433)
Taxation paid	(355)	(941)
Net cash inflow/(outflow) from operating activities	26	(2,374)
Investing activities		
Investment revenues received	3	2
Acquisition of intangible assets	(704)	(705)
Acquisition of property, plant and equipment	(721)	(404)
Acquisition of subsidiaries, net of cash acquired	(1,946)	(4,755)
Acquisition related earn-out paid	(559)	-
Receipts from sale of property, plant and equipment	11	31
Net cash outflow from investing activities	(3,916)	(5,831)
Financing activities		
Issue of new shares	2,900	9,185
Expenses of fundraising	(224)	(523)
Finance costs paid	(2)	(2)
Increase in borrowings	20	-
Repayment of borrowings	(10)	(5)
Net cash inflow from financing activities	2,684	8,655
Net (decrease)/increase in cash and cash equivalents	(1,206)	450
Cash and cash equivalents at start of the year	4,424	3,974
Cash and cash equivalents at end of year	3,218	4,424

ERGOMED PLC

NOTES TO THE UNAUDITED PRELIMINARY RESULTS
For the year ended 31 December 2017

1. BASIS OF PREPARATION

The unaudited preliminary results for the year ended 31 December 2017 were approved by the Board of Ergomed plc on 9 April 2018. The unaudited preliminary results do not constitute the statutory financial statements within the meaning of section 434 of the Companies Act 2006, but are an extract from the financial statements. They are based on, and are consistent with, those in the Group's statutory accounts for the year ended 31 December 2017 and those financial statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting. Financial statements for the year ended 31 December 2016 have been delivered to the Registrar of Companies, with an unmodified opinion.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards, as adopted by the European Union (EU) (IFRS), this announcement does not in itself contain sufficient information to comply with IFRS.

The audited statutory financial statements for the year ended 31 December 2017 are expected to be distributed to shareholders in April 2018 and will be available at the registered office of the Company, 26-28 Frederick Sanger Road, Surrey Research Park, Guildford, Surrey, GU2 7YD. Details can also be found on the Company's website at: www.ergomedplc.com.

The Consolidated balance sheets for 2015 and 2016 and the Consolidated income statement and Consolidated cash flow for 2016 have been re-stated. This is detailed in note 14.

GOING CONCERN

The unaudited preliminary results have been prepared on the going concern basis, which assumes that the Group will have sufficient funds to continue in operational existence for the foreseeable future, being a period of no less than 12 months from the expected date of signing of the financial statements in April 2018. Having regard to the performance of the business, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. The Group is financed by funds generated from profitable operations and equity.

The Directors have reviewed a cash flow forecast (the "Forecast") for the period ending 31 December 2019. The Forecast represents the Directors' best estimate of the Group's future performance and necessarily includes a number of assumptions, including the level of revenues. The Forecast demonstrates that the Directors have a reasonable expectation that the Group will be able to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of the financial statements.

On the basis of the above factors and, having made appropriate enquiries, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these unaudited preliminary results.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the unaudited preliminary results.

Revenue recognition

The amount of revenue to be recognised is based on, *inter alia*, management's estimate of the fair value of the consideration received or receivable, the stage of completion and of the point in time at which management considers that it becomes probable that economic benefits will flow to the entity (as the outcome is not always certain at the inception of a contract).

Reimbursement revenue and reimbursable expenses

Reimbursable expenses are reflected in the Company's Condensed Consolidated Income Statement as "Reimbursement revenue" in total revenue and as "Reimbursable expenses" separately from cost of sales as the Company is the primary obligor for these expenses despite being reimbursed by its clients. Reimbursable expenses are comprised primarily of payments to physicians (investigators) who oversee clinical trials and travel expenses for our clinical monitors and other employees. Costs for such activities are recorded based upon payment requests or invoices that have been received from third parties in the periods presented or accrued based on patient recruitment. Reimbursed expenses may fluctuate from period-to-period due, in part, to the lifecycle of contracts that are in progress at a particular point in time. Service revenues or revenues before reimbursements ("net service revenues") include any margin earned on reimbursed expenses. When such an expense is not reimbursed, they are classified as costs of sales on the Condensed Consolidated Income Statement.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Bad debt provision

In determining the level of provisioning for bad debts, the Directors have considered the aging of trade receivables, and the payment history and financial position of debtors. The provision against trade receivables as at 31 December 2017 was £214,000 (2016: £1,016,000).

Impairment of Goodwill

Under IFRSs, goodwill is reviewed for impairment at least annually. Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated. The calculation of the recoverable amount requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to determine whether the recoverable amount is greater than the carrying value.

The key inputs for estimating the future cash flows of operating businesses are revenue growth over the next five years, terminal revenue growth, working capital changes and discount rate.

- PrimeVigilance, PharmInvent and Sound Opinion have been merged into a single cash generating unit. If revenue growth rates (including terminal growth) are reduced to zero, there would be no impairment to goodwill.
- If revenue growth rates for Ergomed Virtuosos were reduced by 20% (including terminal growth) from -10% to -30%, an impairment to goodwill would be required.
- If revenue growth rates for O+P and GASD were reduced by 3% from 5% to 2% and terminal growth rate from 2% to zero, an impairment to goodwill would be required.

The key inputs for estimating the cash flows of Haemostatix, a development company, are the probabilities of clinical success, expected market launch date, the expected royalty rate and the discount rate. The impact on the present value of Haemostatix projected cash flows is as follows:

- If the probability of clinical success at each stage of development is reduced by 14% (from Phase I 50%, Phase III 80%), an impairment to goodwill would be required.
- If the expected market launch date of PeproStat (2021) and ReadyFlow (2023) are each delayed by more than one year, an impairment to goodwill would be required.
- If the expected royalty rate was reduced by 3% from 20%, an impairment to goodwill would be required.
- If the discount rate was increased by 3.2% from 19.7%, an impairment to goodwill would be required.

The impairment provision against goodwill as at 31 December 2017 was £nil (2016: £nil).

Fair value measurements

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available, and management estimates of commercial and development risk where appropriate. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. This includes fair valued acquired intangible assets with a net value of £18,218,000 and deferred consideration relating to acquisitions valued at £11,761,000. Deferred consideration relates to the acquisitions of Haemostatix and PSR (note 10). The deferred consideration for Haemostatix comprises Milestones of up to £4.0 million at start of Phase III (provided the Company's market capitalisation exceeds £100.0 million); plus £16.0 million sales-based milestone payments and an additional sum in the event that the Enlarged Group is able to

utilise certain existing tax losses that are currently available to Haemostatix. The deferred consideration for Haemostatix was re-valued at the year-end giving rise to an increase in value of £2,875,000 reflecting the successful progress of PeproStat through the Phase IIb study.

The Group incurs share-based payment charges in relation to share options awards made in the current and prior periods. This charge is based on the fair value of such share options for financial reporting purposes. In estimating the fair value of a share-based payment, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

2. OPERATING SEGMENTS

Products and services from which reportable segments derive their revenues

The Directors are of the opinion that the Group operates as two business segments; clinical research services ("CRS") and drug safety and medical information services ("DS&MI"). The CRS business segment includes the results of PSR Group, which was acquired on 2 October 2017.

2017	**Revenue from external customers**		
	CRS £000s	**DS&MI £000s**	**Total £000s**
Net service revenue	17,386	22,259	39,645
Licence revenue	370	-	370
Reimbursement revenue	7,396	213	7,609
Revenue	25,152	22,472	47,624

2016	**Revenue from external customers**		
	CRS £000s	**DS&MI £000s**	**Total £000s**
Net service revenue	15,938	13,286	29,224
Reimbursement revenue	9,839	170	10,009
Revenue	25,777	13,456	39,233

Geographical information

The Group's revenue from external customers by geographical location is detailed below:

2017	**Revenue from external customers**		
	CRS £000s	**DS&MI £000s**	**Total £000s**
UK	4,535	5,923	10,458
Europe, Middle East and Africa	13,550	9,292	22,842
North America	6,756	6,992	13,748
Asia	311	153	464
Australia	-	112	112
	25,152	22,472	47,624

2016	**Revenue from external customers**		
	CRS £000s	**DS&MI £000s**	**Total £000s**
UK	3,330	4,746	8,076
Europe, Middle East and Africa	15,590	4,461	20,051
North America	6,490	4,018	10,508
Asia	367	27	394
Australia	-	204	204
	25,777	13,456	39,233

2017	CRS £000s	DS&MI £000s	Eliminations £000s	Consolidated Total £000s
Revenue				
Third party sales	25,152	22,472	-	47,624
Intersegment sales and recharges	655	19	(674)	-
Total revenue	25,807	22,491	(674)	47,624

2017	CRS £000s	DS&MI £000s	Eliminations £000s	Consolidated Total £000s
Segment result	631	4,376	7	5,014
Research and development				(2,689)
Amortisation of acquired fair valued intangible assets				(1,167)
Share-based payment charge				(1,033)
Deferred consideration for acquisitions expense (note 7)				(752)
Revaluation of deferred consideration for acquisition				(2,875)
Acquisition costs				(259)
Exceptional items				(143)
Operating loss				(3,904)
Investment revenues				3
Finance costs				(546)
Loss before tax				(4,447)
Tax				(57)
Loss after tax				(4,504)

2016	CRS £000s	DS&MI £000s	Eliminations £000s	Consolidated Total Re-stated (note 14) £000s
Revenue				
Third party sales	25,777	13,456	-	39,233
Intersegment sales and recharges	670	2	(672)	-
Total revenue	26,447	13,458	(672)	39,233

2016	CRS £000s	DS&MI £000s	Eliminations £000s	Consolidated Total Re-stated (note14) £000s
Segment result	203	3,586	9	3,798
Research and development				(1,250)
Amortisation of acquired fair valued intangible assets				(771)
Share-based payment charge (re-stated)				(877)
Deferred consideration for acquisition expense (note 7)				(550)
Write back of deferred consideration for acquisition				460
Acquisition costs				(584)
Exceptional items				(177)
Operating profit				49
Investment revenues				2
Finance costs				(274)
Loss before tax				(223)
Tax				153
Loss after tax				(70)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment. This is the measure reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of segment performance.

Segment net assets

	2017 £000s	2016 Re-stated £000s
CRS	12,703	16,279
DS&MI	22,140	18,119
Consolidated total net assets	34,843	34,398

For the purposes of monitoring segment performance and allocating resources between segments, the Group's Chief Executive Officer monitors the net assets attributable to each segment. All assets are allocated to reportable segments.

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2017 £000s	2016 £000s	2017 £000s	2016 £000s
CRS	727	528	603	380
DS&MI	899	499	822	729
	1,626	1,027	1,425	1,109

Information about major customers

In 2017, the Group had one customer that contributed 10% or more to the Group's revenue. Revenues of approximately £4,989,000 were recognised from this customer for clinical research services. In 2016, the Group had two customers that contributed 10% or more to the Group's revenue. Revenues of approximately £5,479,000 and £4,771,000 were recognised from these customers respectively, all relating to the provision of clinical research services.

3. FINANCE COSTS

	2017 £000s	2016 £000s
Interest payable	(2)	(2)
Finance charges reversed	37	-
Finance charge for deferred consideration for acquisitions	(581)	(272)
	(546)	(274)

4. TAXATION

	2017 £000s	2016 £000s
Current tax		
UK corporation tax credit for the year	-	(181)
Overseas corporation tax	426	180
Adjustment in respect of prior years	(31)	(16)
Current tax charge/(credit)	395	(17)
Deferred tax		
Origination and reversal of timing differences	(338)	(40)
Effect of changes in tax rates	-	(96)
Tax charge/(credit) on loss	57	(153)

The UK corporation tax credit for 2016 year comprises an R&D tax credit.

In addition to the amounts charged to the income statement and other comprehensive income, the following amounts have been recognised directly in equity:

	2017 £000s	2016 £000s
Deferred tax		
Change in estimated excess tax deductions related to share-based payments	(60)	(118)
Total income tax credit recognised directly in equity	(60)	(118)

5. LOSS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2017 £000	2016 Re-stated (note 14) £000
Loss for the purposes of basic earnings per share being net profit attributable to owners of the Company	(4,504)	(70)
Earnings for the purposes of diluted earnings per share	(4,504)	(70)

	2017 No.	2016 No.
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	41,086,201	35,573,733
Effect of dilutive potential ordinary shares		
Share options	2,269,616	1,460,407
Weighted average number of ordinary shares for the purposes of diluted earnings per share	43,355,817	37,034,140
LOSS PER SHARE		
Basic	(11.0)p	(0.2)p
Diluted	(11.0)p	(0.2)p

6. ACQUISITION OF SUBSIDIARY – PSR GROUP BV

On 2 October 2017, Ergomed Plc acquired 100 per cent of the issued share capital of PSR Group BV, a full service specialist orphan drug CRO, based in Amsterdam, Netherlands. The acquisition of PSR enhances Ergomed's ability in running complex orphan drug development programs. The amounts provisionally recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

	Book valuation £000s	Fair value adjustments £000s	Provisional valuation £000s
Intangible assets	-	700	700
Property, plant and equipment	32	-	32
Total non-current assets	32	700	732
Trade and other debtors	879	-	879
Cash and equivalents	812	-	812
Current assets	1,691	-	1,691
Trade and other creditors	(1,060)	-	(1,060)
Tax payable	(74)	-	(74)
Deferred tax liability	-	(175)	(175)
Financial liabilities	(1,134)	(175)	(1,309)
Total identifiable net assets	589	525	1,114
Goodwill	3,060	(525)	2,535
Total consideration	3,649	-	3,649
Satisfied by:			
Cash	1,982	-	1,982
Equity	558	-	558
Deferred consideration	1,109	-	1,109
Total consideration	3,649	-	3,649
Net cash outflow arising on acquisition			
Cash consideration	1,982	-	1,982
Less: cash and cash equivalent balances acquired	(812)	-	(812)
Payments in to escrow	558	-	558
Transaction costs (note 8)	218	-	218
	1,946	-	1,946

The provisional fair value of intangible assets relates to Customer Relationships of £162,000, Orders Backlog of £189,000 and the Trade Name of £349,000. The provisional fair value of the financial assets includes receivables with a fair value of £879,000 and a gross contractual value of £879,000. The best estimate at acquisition date of the contractual cash flows not to be collected is £nil.

Goodwill is provisionally valued at £2,535,000. None of the goodwill is expected to be deductible for income tax purposes. Deferred consideration represents the provisional fair valuation of the additional consideration payable which could be between £nil and an aggregate maximum undiscounted amount of £2,806,000, subject to the future performance of the business.

Ergomed plc has a 12 month measurement period from the date of acquisition, and therefore the measurement period ends on 1 October 2018.

PSR contributed revenues of £977,000 and profit before tax of £38,000 to the results of the group. If the acquisition of PSR had been completed on the first day of the financial year, group revenues for the year ended 31 December 2017 would have been £3,302,000 higher and group profit before tax would have been £309,000 higher.

7. DEFERRED CONSIDERATION FOR ACQUISITIONS EXPENSE

	2017 £000s	2016 £000s
PSR Group BV	1	-
Acquisition of PharmInvent	751	550
	752	550

The terms of the acquisitions of PSR Group BV and European Pharminvent Services sro (now PrimeVigilance sro) included deferred consideration payable in cash and in equity that is contingent upon the continued employment of the vendors and, in accordance with IFRS 3, is charged through the income statement. The above amounts relate to the element of deferred consideration that is reimbursable in cash and contingent on the continued employment of the vendors. The element re-payable in equity that was contingent on the continued employment of the vendors is included as part of share-based payments in accordance with IFRS 2.

8. ACQUISITION COSTS

	2017 £000s	2016 £000s
Acquisition of PSR Group BV (note 6)	218	-
Acquisition of Haemostatix	-	370
Acquisition of O+P and GASD	-	85
Acquisition of PharmInvent	-	118
Acquisition of Sound Opinion Limited	-	7
Other M&A activities	41	4
	259	584

9. EXCEPTIONAL ITEMS

	2017 £000s	2016 £000s
Severance costs relating to former CEO	143	-
Establishment of PrimeVigilance US office	-	177
	143	177

10. DEFERRED CONSIDERATION

	2017 £000s	2016 £000s
Due within one year		
Haemostatix Ltd	1,957	-
Due after one year		
Haemostatix Ltd	9,168	7,772
PSR Group BV	636	-
	9,804	7,772
	11,761	7,772

The above amounts represent the fair value of deferred consideration payable in respect of the acquisitions of Haemostatix Limited and PSR Group BV.

11. RELATED PARTY TRANSACTIONS

Ergomed d.o.o., a company registered in Croatia, is under the control of Dr. Miroslav Reljanović, who is a Director and shareholder of the Company. During the year the Company and its subsidiaries were charged £266,000 (2016: £240,000) by Ergomed d.o.o. and its subsidiaries in respect of clinical research costs and other administrative services. At 31 December 2017 a balance of £40,000 was owed by the Company and its subsidiaries to Ergomed d.o.o. and its subsidiaries in respect of these costs (2016: £37,000). In addition, during 2016, the Group sold medical equipment to a subsidiary of Ergomed d.o.o. for £33,000. There were no such sales in 2017.

Chesyl Pharma Limited is a company owned by Rolf Stahel, who was a Director of the Company. During the year, the Company was charged consultancy fees of £15,000 (2016: £52,000) in relation to the services of Rolf Stahel. At 31 December 2017, amounts payable to Chesyl Pharma in relation to such consultancy services and associated expenses were £nil (2016: £12,000).

All transactions with related parties take place on an arm's length basis.

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

12. EBITDA AND EBITDA (adjusted)

	2017	2016 Re-stated (note 14)
	£000s	£000s
Operating (loss)/profit	(3,904)	49
Adjust for:		
Depreciation and amortisation charges within Other administrative expenses	459	256
Amortisation of acquired fair valued intangible assets	1,167	771
EBITDA	(2,278)	1,076
Share-based payment charge	1,033	877
Deferred consideration for acquisitions expense (note 7)	752	550
Revaluation of deferred consideration for acquisition	2,875	-
Write-back of deferred consideration for acquisition	-	(460)
Acquisition costs	259	584
Exceptional items	143	177
EBITDA (adjusted)	2,784	2,804

The Directors make certain adjustments to EBITDA to derive adjusted EBITDA which they consider more reflective of the Group's underlying trading performance and enables comparisons to be made with prior periods. Certain items, such as share-based payment charge, revaluation of deferred consideration for acquisition and write-back of deferred consideration for acquisition are non cash items and reflect adjustments to expected future deferred consideration payments.

Deferred consideration for acquisitions expense relates to the cash component of deferred consideration which is payable contingent on the continued employment of the vendors. These costs, together with acquisition costs and exceptional items, are all cash costs but are not considered trading items and therefore not included in adjusted EBITDA.

13. ADJUSTED EARNINGS PER SHARE

	2017 £000	2016 Re-stated £000
Loss for the purposes of basic earnings per share being net profit attributable to owners of the Company	(4,504)	(70)
Loss for the purposes of diluted loss per share	(4,504)	(70)
Adjust for:		
Amortisation of acquired fair valued intangible assets	1,167	771
Share-based payment charge	1,033	877
Deferred consideration for acquisitions expense (note 7)	752	550
Revaluation of deferred consideration for acquisition	2,875	-
Write-back of deferred consideration for acquisition	-	(460)
Acquisition costs	259	584
Exceptional items	143	177
Adjusted earnings for the purposes of diluted earnings per share	1,725	2,429
ADJUSTED EARNINGS PER SHARE		
Basic	4.2p	6.8p
Diluted	4.0p	6.6p

14. RESTATEMENT OF PRIOR YEAR INCOME STATEMENT AND BALANCE SHEET

Certain directors, employees and former directors hold options over shares held by Dr Miroslav Reljanovic under agreements between those parties. The grant and vesting of such options was dependent on their continued employment by the Company. Although these options are not dilutive and the Company is not party to the arrangements, in accordance with IFRS 2, a share-based payment charge arises. No such charge was shown in the financial statements for the years ended 31 December 2015 and 31 December 2016.

In November 2016, the Company acquired European PharmInvent Services s.r.o. Deferred consideration payable to the vendors is dependent on their remaining employees of the group. The total amount payable to vendors for the year ended 31 December 2016 was charged to the income statement. However, a proportion of that deferred consideration is payable in equity. In accordance with IFRS 2, this proportion should be treated as a share-based payment.

In 2016, the raw material and manufacturing costs of clinical trial material to be used in clinical studies were capitalised and categorised as Clinical Trial Inventory. However, under IFRS, the raw material costs were not eligible for capitalisation. Therefore, a prior year adjustment has arisen and the remaining capitalised amount is categorised as 'Other current assets'.

The impact on the Consolidated Income Statement and Consolidated Balance Sheet and Consolidated Cash Flow Statement are set out below.

Restatement of prior year Consolidated Income Statement

	2016 Previously reported £000s	Adjustment £000s	2016 Re-stated £000s
Net service revenue	29,224	-	29,224
Reimbursement revenue	10,009	-	10,009
REVENUE	39,233	-	39,233
Cost of sales	(17,230)	-	(17,230)
Reimbursable expenses	(10,009)	-	(10,009)
Gross profit	11,994	-	11,994
Administrative expenses	(10,483)	(339)	(10,822)
Administrative expenses comprises:			
Other administrative expenses	(8,323)	-	(8,323)
Amortisation of acquired fair valued intangible assets	(771)	-	(771)
Share-based payment charge	(398)	(479)	(877)
Deferred consideration for acquisitions expense	(690)	140	(550)
Write-back of deferred consideration for acquisition	460	-	460
Acquisition costs	(584)	-	(584)
Exceptional items	(177)	-	(177)
Research and development	(1,040)	(210)	(1,250)
Other operating income	127	-	127
OPERATING PROFIT	598	(549)	49
Investment revenues	2	-	2
Finance costs	(274)	-	(274)
PROFIT/(LOSS) BEFORE TAXATION	326	(549)	(223)
Taxation	153	-	153
PROFIT/(LOSS) FOR THE YEAR	479	(549)	(70)
EARNINGS/(LOSS) PER SHARE			
Basic	1.3p		(0.2)p
Diluted	1.3p		(0.2)p

Restatement of prior year Balance Sheet

	2016 Previously reported £000s	Adjustment £000s	2016 Re-stated £000s
Non-current assets			
Goodwill	12,285	-	12,285
Other intangible assets	19,842	-	19,842
Property, plant and equipment	717	-	717
Investments	271	-	271
Deferred tax asset	1,448	-	1,448
	34,563	-	34,563
Current assets			
Trade and other receivables	14,958	-	14,958
Clinical trial inventory	450	(450)	-
Other current assets	-	240	240
Cash and cash equivalents	4,424	-	4,424
	19,832	(210)	19,622
Total assets	54,395	(210)	54,185
Current liabilities			
Borrowings	(3)	-	(3)
Trade and other payables	(7,077)	-	(7,077)
Deferred revenue	(1,393)	-	(1,393)
Current tax liability	(119)	-	(119)
Total current liabilities	(8,592)	-	(8,592)
Net current assets	11,240	(210)	11,030
Non-current liabilities			
Borrowings	(5)	-	(5)
Deferred Consideration	(7,772)	-	(7,772)
Deferred tax liability	(3,418)	-	(3,418)
Total liabilities	(19,787)	-	(19,787)
Net assets	34,608	(210)	34,398
Equity			
Share capital	406	-	406
Share premium account	17,957	-	17,957
Merger reserve	10,264	-	10,264
Share-based payment reserve	1,048	781	1,829
Translation reserve	143	-	143
Retained earnings	4,790	(991)	3,799
Total equity	34,608	(210)	34,398

Restatement of 2015 Balance Sheet

	2015 Previously reported £000s	Adjustment £000s	2015 Re-stated £000s
Non-current assets			
Goodwill	7,488	-	7,488
Other intangible assets	2,819	-	2,819
Property, plant and equipment	335	-	335
Investments	183	-	183
Deferred tax asset	365	-	365
	11,190	-	11,190
Current assets			
Trade and other receivables	9,528	-	9,528
Cash and cash equivalents	3,974	-	3,974
	13,502	-	13,502
Total assets	24,692	-	24,692
Current liabilities			
Borrowings	(5)	-	(5)
Trade and other payables	(5,955)	-	(5,955)
Deferred revenue	(795)	-	(795)
Current tax liability	(478)	-	(478)
Total current liabilities	(7,233)	-	(7,233)
Net current assets	6,269	-	6,269
Non-current liabilities			
Borrowings	(7)	-	(7)
Deferred tax liability	(516)	-	(516)
Total liabilities	(7,756)	-	(7,756)
Net assets	16,936	-	16,936
Equity			
Share capital	288	-	288
Share premium account	9,361	-	9,361
Merger reserve	2,981	-	2,981
Share-based payment reserve	650	442	1,092
Translation reserve	(537)	-	(537)
Retained earnings	4,193	(442)	3,751
Total equity	16,936	-	16,936

Re-statement of prior year Consolidated Cash Flow Statement

	2016 Previously reported £000s	Adjustment £000s	2016 Re-stated £000s
Cash flows from operating activities			
Loss before taxation	326	(549)	(223)
Adjustment for:			
Amortisation and depreciation	1,027	-	1,027
(Gain)/loss on disposal of fixed assets	(2)	-	(2)
Share-based payment charge	398	479	877
Acquisition of shares for non-cash consideration	(54)	-	(54)
Exchange adjustments	419	-	419
Acquisition costs and deferred consideration	726	(140)	586
Write-back of deferred consideration	(415)	-	(415)
Investment revenues	(2)	-	(2)
Finance costs	274	-	274
Operating cash flow before changes in working capital and provisions	2,697	(210)	2,487
Increase in trade and other receivables	(3,667)	-	(3,667)
Increase in inventory	(405)	405	-
Increase in other current assets	-	(195)	(195)
Increase/(decrease) in trade and other payables	(58)	-	(58)
Cash utlised by operations	(1,433)	-	(1,433)
Taxation paid	(941)	-	(941)
Net cash outflow from operating activities	(2,374)	-	(2,374)
Investing activities			
Investment revenues received	2	-	2
Acquisition of intangible assets	(705)	-	(705)
Acquisition of property, plant and equipment	(404)	-	(404)
Acquisition of subsidiary, net of cash acquired	(4,755)	-	(4,755)
Receipts from sale of property, plant and equipment	31	-	31
Net cash outflow from investing activities	(5,831)	-	(5,831)
Financing activities			
Issue of new shares	9,185	-	9,185
Expenses of fundraising	(523)	-	(523)
Finance costs paid	(2)	-	(2)
Repayment of borrowings	(5)	-	(5)
Net cash inflow from financing activities	8,655	-	8,655
Net increase in cash and cash equivalents	450	-	450
Cash and cash equivalents at start of the year	3,974	-	3,974
Cash and cash equivalents at end of year	4,424	-	4,424